



Mutual Fund Dealers Association of Canada
Association canadienne des courtiers de fonds mutuels

**IN THE MATTER OF A SETTLEMENT HEARING
PURSUANT TO SECTION 24.4 OF BY-LAW NO. 1 OF
THE MUTUAL FUND DEALERS ASSOCIATION OF CANADA**

Re: Gerard Van Schothorst

Heard: March 21, 2017, in Calgary, Alberta
Reasons for Decision: April 12, 2017

REASONS FOR DECISION

Hearing Panel of the Prairie Regional Council:

Shelley L. Miller, Q.C.	Chair
Nada Israeli	Industry Representative
Kathleen Jost	Industry Representative

Appearances:

David Babin)	Counsel for the Mutual Fund Dealers
)	Association of Canada
)	
Denise Brunsdon)	Counsel for the Respondent
)	
)	

INTRODUCTION

1. On September 21, 2016 the Mutual Fund Dealers Association of Canada (“MFDA”) issued a Notice of Hearing pursuant to sections 20 and 24.4 of By-law No. 1 of the MFDA in respect of Gerard Van Schothorst (“Respondent”).
2. The Respondent and MFDA Staff (“Staff”) proposed to enter into a Settlement Agreement dated March 21, 2017 (“Settlement Agreement”) pursuant to which the Respondent would be penalized under s 24.4 of By-law No. 1 of the MFDA.
3. The proposed Settlement Agreement provided that:
 - (a) the Respondent shall pay a fine in the amount of \$6,500 pursuant to section 24.1.1(b) of By-law No. 1;
 - (b) the Respondent shall pay costs in the amount of \$2,500 pursuant to section 24.2 of By-law No. 1 upon acceptance of this Settlement Agreement;
 - (c) the fine and costs shall be paid in 9 installments of \$1,000 each, with the first installment to be paid on the date of the settlement hearing, and the remaining 8 installments payable on the last business days of the 8 months following the date of acceptance of the Settlement Agreement by the Hearing Panel;
 - (d) if the Respondent fails to make any of the installment payments described above in subparagraph (c) when the installments become due, then without further notice to the Respondent, the Respondent shall summarily be suspended from conducting securities related business while in the employ of, or associated with, any MFDA Member until the full amount of the Fine has been paid;
 - (e) the Respondent shall be prohibited from acting as a branch manager or in any supervisory capacity for a Member of the MFDA for a period of 1 month commencing upon the date the Settlement Agreement is accepted by the Hearing Panel, pursuant to s. 24.1.1 of By-law No.1;

- (f) the Respondent shall successfully complete the Branch Manager's Course within 6 months of the date the Settlement Agreement is accepted by the Hearing Panel, pursuant to section 24.1.1(f) of By-law No. 1;
- (g) the Respondent shall in the future comply with MFDA Rule 2.1.1; and
- (h) the Respondent will attend in person at the Settlement Hearing.

4. On March 21, 2017, after hearing representations by counsel, this Panel approved the Settlement Agreement, with written reasons to follow, and agreed to sign an Order to that effect. The written reasons for such approval are set out below.

AGREED FACTS

Registration History

5. Since July 24, 1995, the Respondent has been registered in Alberta as a mutual fund salesperson (now known as a mutual fund dealing representative) with PFSL Investments Canada Ltd. ("PFSL"), a Member of the MFDA.

6. Since August 31, 2006, the Respondent has been designated as a Branch Manager with PFSL.

7. At all material times, the Respondent conducted business in the Edmonton, Alberta area.

Pre-Signed Account Forms

8. At all material times, PSFL's policies and procedures prohibited its Approved Persons from using pre-signed account forms.

9. Between August 27, 2012 and January 21, 2015, the Respondent obtained, possessed and in some instances used to process transactions, 5 pre-signed forms in relation to 2 clients.

10. The pre-signed account forms consisted of five RESP redemption forms, of which 4 were used to process transactions for 2 clients.

11. The Respondent states that he obtained the pre-signed account for client convenience.

Approval of Pre-Signed Forms

12. Between August 27, 2012 and January 21, 2015, the Respondent, acting in his capacity as branch manager, reviewed and approved the use of the 5 pre-signed account forms described above in paragraphs 8 to 11.

Member Response

13. On July 15, 2015, PFSL reviewed 44 files belonging to the Respondent, and did not identify any further compliance issues.

14. PFSL sent letters to 41 of the Respondent's clients to determine whether the Respondent engaged in any unauthorized trading activity in the accounts of the clients. No clients responded to PFSL.

15. PFSL issued a warning letter to the Respondent on August 12, 2015 for the conduct described above.

Additional Factors

16. The Respondent has no prior disciplinary history with the MFDA.

17. There is no evidence of client harm in this matter or that the Respondent received any financial benefit from engaging in the misconduct beyond the commissions or fees to which he would have been ordinarily entitled had the transactions in the clients' accounts been carried out in the proper manner.

18. The Respondent has expressed remorse for his misconduct and has cooperated fully with Staff during the course of the investigation, and by agreeing to this settlement, has avoided the necessity of a full hearing on the merits.

Contraventions

19. The Respondent admits that:

- a) between August 27, 2012 and January 21, 2015, he obtained, possessed and in some instances used to process transactions, 5 pre-signed account forms in relation to 2 clients, contrary to MFDA Rule 2.1.1; and
- b) between August 27, 2012 and January 21, 2015, acting in his capacity of branch manager, he reviewed and approved the use of 5 pre-signed account forms, contrary to MFDA Rules 2.5.5(f)¹ and 2.1.1.

LAW

20. This Panel is mindful of the settled case authorities pronouncing upon the role of a hearing panel at a settlement hearing. As stated by the MFDA Hearing Panel in *Sterling Mutuals Inc. (Re)*, MFDA File No. 200820, Hearing Panel of the Central Regional Council, Decision and Reasons dated August 21, 2008 at para. 37, citing the I.D.A. Ontario District Council in *Milewski (Re)* I.D.A.C.D. No. 17 at p. 12, Ontario District Council Decision dated July 28, 1999.

“We also note that while in a contested hearing the Panel attempts to determine the correct penalty, in a settlement hearing the Panel “will tend not to alter a penalty that it considers to be within a reasonable range, taking into account the settlement process and the fact that the parties have agreed. It will not reject a settlement unless it views the penalty as clearly falling outside a reasonable range of appropriateness.” [Emphasis added.]

¹ Prior to September 2013, the Respondent’s conduct was contrary to MFDA Rule 2.5.5(d).

21. This Panel is also aware of the statement in *British Columbia Securities Commission v. Seifert*, [2007] B.C.J. No. 2186 (B.C.C.A) at para. 31, that settlements assist the MFDA in meeting its regulatory objective of protecting the public by proscribing activities that are harmful to the public, and by enabling flexible remedies tailored to the interests of both the MFDA and a respondent.

22. This Panel is well aware that investor protection is the primary goal of securities regulation, whether in the context of a settlement hearing or a contested hearing.

Pezim v. British Columbia (Superintendent of Brokers), [1994] 2 S.C.R. 557 (S.C.C.) at paras. 59, 68

Breckenridge (Re), MFDA File No. 200718, Hearing Panel of the Central Regional Council, Decision and Reasons dated November 14, 2007 at para. 74

23. In addition to investor protection, the goals of securities regulation include fostering public confidence in the capital markets and the securities industry.

Pezim v. British Columbia (Superintendent of Brokers), *supra* at paras. 59, 68

24. As stated in the decision of *Sterling Mutuals Inc. (Re)*, *supra*, at para. 36, MFDA hearing panels have taken into account the following considerations when determining whether a proposed settlement should be accepted:

- (a) Whether acceptance of the settlement agreement would be in the public interest and whether the penalty imposed will protect investors;
- (b) Whether the settlement agreement is reasonable and proportionate, having regard to the conduct of the Respondent as set out in the settlement agreement;
- (c) Whether the settlement agreement addresses the issues of both specific and general deterrence;
- (d) Whether the settlement agreement will prevent the type of conduct described in the settlement agreement from occurring again in the future;

- (e) Whether the settlement agreement will foster confidence in the integrity of the Canadian capital markets;
- (f) Whether the settlement agreement will foster confidence in the integrity of the MFDA; and
- (g) Whether the settlement agreement will foster confidence in the regulatory process itself.

MFDA Penalty Guidelines

25. This Panel has also taken into consideration the MFDA Penalty Guidelines, recognizing that such penalty and guidelines are neither mandatory nor binding but may be considered in order that its discretion can be exercised consistently in like circumstances.

26. This Panel has noted from *Breckenridge (Re)*, *supra*, at para. 77, that hearing panels frequently consider the following factors when determining whether a penalty is appropriate:

- a) The seriousness of the allegations proved against the Respondent;
- b) The Respondent's past conduct, including prior sanctions;
- c) The Respondent's experience and level of activity in the capital markets;
- d) Whether the Respondent recognizes the seriousness of the misconduct;
- e) The harm suffered by investors as a result of the Respondent's activities;
- f) The benefits received by the Respondent as a result of the misconduct;
- g) The risk to investors and the capital markets in the jurisdiction, were the Respondent to continue to operate in capital markets in the jurisdiction;
- h) The damage caused to the integrity of the capital markets in the jurisdiction by the Respondent's improper activities;
- i) The need to deter not only those involved in the case being considered, but also any others who participate in the capital markets, from engaging in similar improper activity;
- j) The need to alert others to the consequences of inappropriate activities to those who are permitted to participate in the capital markets; and

- k) Previous decisions made in similar circumstances.

Cases cited by Enforcement Counsel

27. This Panel has reviewed the case authorities cited by Enforcement Counsel pertaining to penalties imposed on Mutual Fund Dealers in possession of pre-signed forms including instances involving branch managers. These were: *Price (Re)*, MFDA File No. 200814, Hearing Panel of the Central Regional Council, Decision and Reasons dated April 18, 2011, at paras. 118 – 121, *Wellman (Re)*, MFDA File No. 201529, Hearing Panel of the Central Regional Council, Decision and Reasons dated December 21, 2015, at para. 10, *Durotoye (Re)*, MFDA File No. 201328, Hearing Panel of the Central Regional Council, Decision and Reasons dated May 20, 2014, *Hogan (Re)*, MFDA File No. 201567, Hearing Panel of the Central Regional Council, Decision and Reasons dated April 28, 2016, *Gocool (Re)*, MFDA File No. 201628, Hearing Panel of the Central Regional Council, Decision and Reasons dated August 10, 2016, *Dhur (Re)*, MFDA File No. 201439, Hearing Panel of the Central Regional Council, Decision and Reasons dated September 10, 2015, and *Cheung (Re)*, MFDA File No. 201502, Hearing Panel of the Pacific Regional Council, Decision and Reasons dated May 26, 2016.

28. The hearing panel in *Price (Re)(supra)* stated at paragraphs 123 and 124 as follows:

123. At its worst, pre-signed forms create a mechanism for an Approved Person to engage in acts of fraud, theft or other forms of harmful conduct towards the client. While there is absolutely no suggestion that the Respondent engaged in any of these activities, the rationale for the prohibition on pre-signed forms becomes clear.

124. Pre-signed forms also subvert the ability of the Member to properly supervise trading activity. They destroy the audit trail. The presence of the client's signature on a trade form can no longer be taken as confirmation of the client authorized to particular trade. It also compromises the ability of the Member to subsequently investigate and respond to client complaints concerning the propriety of trading activity in his or her account.

29. The hearing panel in *Wellman (Re)(supra)* stated at paragraph 10 as follows:

10. It is important to note that this prohibition on the use of pre-signed forms applies regardless of whether the clients were aware or authorized the use of the pre-signed forms, and whether the forms were actually used by the Approved Person for discretionary trading or other improper purposes.

30. The hearing panel in *Durotoye (Re)(supra)* stated at paragraph 3 as follows:

3. The use of blank, partially completed or whited out pre-signed forms to process transactions is a serious breach of the MFDA Rules. The respondent was a Branch Manager who would be expected to know better. The Branch Manager should set an example. As counsel for the MFDA put it, he should be a "standard bearer" for compliance.

31. The hearing panel in *Cheung (Re)(supra)* stated at paragraph 21 as follows:

21. We agree... that supervisor misconduct by a Branch Manager is to be treated as serious misconduct. Branch Managers have a significant amount of responsibility, and as such, a higher standard of conduct is expected of the Branch Manager, especially with respect to supervision of client accounts. As was stated by the panel in Cunningham (Re) MFDA File No. 200906, Hearing Panel of the Central Regional Council, Decision and Reasons dated February 24, 2010:

Branch managers essentially serve as the Member's eyes on the ground...In addition to performing regular duties of supervision and review required in their positions, branch managers must pro-actively follow-up on information that comes to their attention which raises concerns that regulatory obligations or the Member's policies and procedures are being contravened or the interests of clients and other individuals are not being protected. [Emphasis added.]

32. The hearing panel in *Cheung (Re)(supra)* cited three other recent decisions, *Re: Edmond*, MFDA File No. 201422, reasons September 9, 2015, *Re: Cliche*, MFDA File No. 201428, reasons March 17, 2015, and *Re Kant*, MFDA File No. 201357, reasons March 23, 2014, in which the respondent, as with the case at hand, was a mutual fund sales person and a branch manager utilizing pre-signed forms on his own client accounts. Similarly, there was no evidence of client harm, client complaints or any previous disciplinary history.

33. From the foregoing review, it is evident to this Hearing Panel that since at least the April 2011 decision in *Re Price*, (supra) it has been stated by several previous hearing panels that the mere possession of pre-signed forms enable Approved Persons to engage in acts of fraud, theft or other forms of harmful conduct towards the client; subvert the ability of the Member to properly supervise trading activity; and are prohibited irrespective whether a client was aware or purported to authorize their use.

34. Similarly, several previous hearing panels have explained that such possession must be treated as serious misconduct when a Branch Manager is involved, because a higher standard of conduct is expected, the Branch Manager should set an example, be a “standard bearer” for compliance, serve as the Member’s eyes on the ground... and pro-actively follow-up on information which raises concerns that regulatory obligations or the Member’s policies and procedures are being contravened or the interests of clients and other individuals are not being protected.

35. While this Hearing Panel has accepted that no harm to clients nor improper financial gain to the Respondent resulted from his admitted breaches of the MFDA By-laws, it would be wrong for the Respondent or any other branch manager in a similar position to conclude that this conduct was not harmful. Harm has in fact been caused. The wrong tone has been set at the top. The effect this may have had on other Approved Persons at the Branch cannot be measured. Regardless, they and the Branch itself will have to carry on under a cloud of suspicion. The trust of all clients of the Branch will be put at risk.

36. This Hearing Panel accepts that in this case the following mitigating factors are applicable:

- a) The Respondent was not subject to any discipline by the MFDA.
- b) By entering into the Settlement Agreement, the Respondent has accepted responsibility for his misconduct and avoided the necessity of the MFDA

incurring the additional time and expense of a full contested hearing. The Respondent has also cooperated with Staff's investigation of this matter.

37. This Hearing Panel noted that the above cited decisions involved fines and costs awards in similar amounts to the fine and costs proposed in the Settlement Agreement under consideration in this case.

ACCEPTANCE OF THE SETTLEMENT AGREEMENT

38. Having regard to the foregoing factors, this Hearing Panel is satisfied that the Settlement Agreement is in the public interest, is reasonable and proportionate, and will foster public confidence in the integrity of the Canadian capital markets and the industry and, accordingly, approves its terms. The Settlement Agreement is attached as Schedule "1" to these reasons for decision.

39. This Hearing Panel thanks Enforcement Counsel for his helpful presentation and the cooperation of the Respondent and his counsel during the hearing.

DATED this 12th day of April, 2017.

"Shelley L. Miller"

Shelley L. Miller, Q.C.
Chair

"Nada Israeli"

Nada Israeli
Industry Representative

"Kathleen Jost"

Kathleen Jost
Industry Representative

Schedule "1"

Settlement Agreement

File No. 201678



Mutual Fund Dealers Association of Canada
Association canadienne des courtiers de fonds mutuels

**IN THE MATTER OF A SETTLEMENT HEARING
PURSUANT TO SECTION 24.4 OF BY-LAW NO. 1 OF
THE MUTUAL FUND DEALERS ASSOCIATION OF CANADA**

Re: Gerard Van Schothorst

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. Staff of the Mutual Fund Dealers Association of Canada ("Staff") and the Respondent, Gerard Van Schothorst (the "Respondent"), consent and agree to settlement of this matter by way of this agreement (the "Settlement Agreement").

2. Staff conducted an investigation of the Respondent's activities which disclosed activity for which the Respondent could be penalized on the exercise of the discretion of the Hearing Panel pursuant to s. 24.1 of By-law No. 1.

II. JOINT SETTLEMENT RECOMMENDATION

3. Staff and the Respondent jointly recommend that the Hearing Panel accept the Settlement Agreement.

4. The Respondent admits that:
 - a) between August 27, 2012 and January 21, 2015, he obtained, possessed and in some instances used to process transactions, 5 pre-signed account forms in relation to 2 clients, contrary to MFDA Rule 2.1.1; and
 - b) between August 27, 2012 and January 21, 2015, acting in his capacity of branch manager, he reviewed and approved the use of 5 pre-signed account forms, contrary to MFDA Rules 2.5.5(f)² and 2.1.1.

5. Staff and the Respondent agree and consent to the following terms of settlement:
 - i. the Respondent shall pay a fine in the amount of \$6,500 pursuant to section 24.1.1(b) of By-law No. 1;
 - ii. the Respondent shall pay costs in the amount of \$2,500 pursuant to section 24.2 of By-law No. 1 upon acceptance of this Settlement Agreement;
 - iii. the fine and costs shall be paid in 9 installments of \$1,000 each, with the first installment to be paid on the date of the settlement hearing, and the remaining 8 installments payable on the last business days of the 8 months following the date of acceptance of the Settlement Agreement by the Hearing Panel;
 - iv. if the Respondent fails to make any of the installment payments described above in subparagraph (iii) when the installments become due, then without further notice to the Respondent, the Respondent shall summarily be suspended from conducting securities related business while in the employ of, or associated with, any MFDA Member until the full amount of the Fine has been paid;
 - v. the Respondent shall be prohibited from acting as a branch manager or in any supervisory capacity for a Member of the MFDA for a period of 1 month commencing upon the date the Settlement Agreement is accepted by the Hearing Panel, pursuant to s. 24.1.1 of By-law No.1;

² Prior to September 2013, the Respondent's conduct was contrary to MFDA Rule 2.5.5(d).

- vi. the Respondent shall successfully complete the Branch Manager's Course within 6 months of the date the Settlement Agreement is accepted by the Hearing Panel, pursuant to section 24.1.1(f) of By-law No. 1;
- vii. the Respondent shall in the future comply with MFDA Rule 2.1.1; and
- viii. the Respondent will attend in person at the Settlement Hearing.

6. Staff and the Respondent agree to the settlement on the basis of the facts set out in Part III herein and consent to the making of an Order in the form attached as Schedule "A".

III. AGREED FACTS

Registration History

7. Since July 24, 1995, the Respondent has been registered in Alberta as a mutual fund salesperson (now known as a mutual fund dealing representative) with PFSL Investments Canada Ltd. ("PFSL"), a Member of the MFDA.

8. Since August 31, 2006, the Respondent has been designated as a Branch Manager with PFSL.

9. At all material times, the Respondent conducted business in the Edmonton, Alberta area.

Pre-Signed Account Forms

10. At all material times, PSFL's policies and procedures prohibited its Approved Persons from using pre-signed account forms.

11. Between August 27, 2012 and January 21, 2015, the Respondent obtained, possessed and in some instances used to process transactions, 5 pre-signed forms in relation to 2 clients.

12. The pre-signed account forms consisted of five RESP redemption forms, of which 4 were used to process transactions for 2 clients.

13. The Respondent states that he obtained the pre-signed account for client convenience.

Approval of Pre-Signed Forms

14. Between August 27, 2012 and January 21, 2015, the Respondent, acting in his capacity as branch manager, reviewed and approved the use of the 5 pre-signed account forms described above in paragraphs 11 to 13.

Member Response

15. On July 15, 2015, PFSL reviewed 44 files belonging to the Respondent, and did not identify any further compliance issues.

16. PFSL sent letters to 41 of the Respondent's clients to determine whether the Respondent engaged in any unauthorized trading activity in the accounts of the clients. No clients responded to PFSL.

17. PFSL issued a warning letter to the Respondent on August 12, 2015 for the conduct described above.

Additional Factors

18. The Respondent has no prior disciplinary history with the MFDA.

19. There is no evidence of client harm in this matter or that the Respondent received any financial benefit from engaging in the misconduct beyond the commissions or fees to which he would have been ordinarily entitled had the transactions in the clients' accounts been carried out in the proper manner.

20. The Respondent has expressed remorse for his misconduct and has cooperated fully with Staff during the course of the investigation, and by agreeing to this settlement, has avoided the necessity of a full hearing on the merits.

IV. ADDITIONAL TERMS OF SETTLEMENT

21. This settlement is agreed upon in accordance with section 24.4 of MFDA By-law No. 1 and Rules 14 and 15 of the MFDA Rules of Procedure.

22. The Settlement Agreement is subject to acceptance by the Hearing Panel which shall be sought at a hearing (the “Settlement Hearing”). At, or following the conclusion of, the Settlement Hearing, the Hearing Panel may either accept or reject the Settlement Agreement.

23. The Settlement Agreement shall become effective and binding upon the Respondent and Staff as of the date of its acceptance by the Hearing Panel. Unless otherwise stated, any monetary penalties and costs imposed upon the Respondent are payable immediately, and any suspensions, revocations, prohibitions, conditions or other terms of the Settlement Agreement shall commence, upon the effective date of the Settlement Agreement.

24. Staff and the Respondent agree that if this Settlement Agreement is accepted by the Hearing Panel:

- a) the Settlement Agreement will constitute the entirety of the evidence to be submitted respecting the Respondent in this matter;
- b) the Respondent waives any rights to a full hearing, a review hearing before the Board of Directors of the MFDA or any securities commission with jurisdiction in the matter under its enabling legislation, or a judicial review or appeal of the matter before any court of competent jurisdiction;
- c) Staff will not initiate any proceeding under the By-laws of the MFDA against the Respondent in respect of the facts and contraventions described in this Settlement

Agreement. Nothing in this Settlement Agreement precludes Staff from investigating or initiating proceedings in respect of any facts and contraventions that are not set out in this Settlement Agreement. Furthermore, nothing in this Settlement Agreement shall relieve the Respondent from fulfilling any continuing regulatory obligations;

- d) the Respondent shall be deemed to have been penalized by the Hearing Panel pursuant to s. 24.1.2 of By-law No. 1 for the purpose of giving notice to the public thereof in accordance with s. 24.5 of By-law No. 1; and
- e) neither Staff nor the Respondent will make any public statement inconsistent with this Settlement Agreement. Nothing in this section is intended to restrict the Respondent from making full answer and defence to any civil or other proceedings against the Respondent.

25. If, for any reason, this Settlement Agreement is not accepted by the Hearing Panel, each of Staff and the Respondent will be entitled to any available proceedings, remedies and challenges, including proceeding to a disciplinary hearing pursuant to sections 20 and 24 of By-law No. 1, unaffected by the Settlement Agreement or the settlement negotiations.

26. Staff and the Respondent agree that the terms of the Settlement Agreement, including the attached Schedule “A”, will be released to the public only if and when the Settlement Agreement is accepted by the Hearing Panel.

27. The Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement. A facsimile copy of any signature shall be effective as an original signature.

DATED this 12th day of December, 2016.

“Gerard Van Schothorst”

Gerard Van Schothorst

“DV”

Witness – Signature

DV

Witness – Print Name

“Shaun Devlin”

Shaun Devlin
Staff of the MFDA
Per: Shaun Devlin
Senior Vice-President,
Member Regulation – Enforcement

Schedule “A”

Order

File No. 201678



Mutual Fund Dealers Association of Canada
Association canadienne des courtiers de fonds mutuels

**IN THE MATTER OF A SETTLEMENT HEARING
PURSUANT TO SECTION 24.4 OF BY-LAW NO. 1 OF
THE MUTUAL FUND DEALERS ASSOCIATION OF CANADA**

Re: Gerard Van Schothorst

ORDER

WHEREAS on [date], the Mutual Fund Dealers Association of Canada (the “MFDA”) issued a Notice of Settlement Hearing pursuant to section 24.4 of By-law No. 1 in respect of Gerard Van Schothorst (the “Respondent”);

AND WHEREAS the Respondent entered into a settlement agreement with Staff of the MFDA, dated [date] (the “Settlement Agreement”), in which the Respondent agreed to a proposed settlement of matters for which the Respondent could be disciplined pursuant to ss. 20 and 24.1 of By-law No. 1;

AND WHEREAS the Hearing Panel is of the opinion that the Respondent:

- a) between August 27, 2012 and January 21, 2015, obtained, possessed and in some instances used to process transactions, 5 pre-signed forms in relation to 2 clients, contrary to MFDA Rule 2.1.1; and

b) between August 27, 2012 and January 21, 2015, acting in his capacity as branch manager, reviewed and approved the use of 5 pre-signed account forms, contrary to MFDA Rules 2.5.5(f)³ and 2.1.1.

IT IS HEREBY ORDERED THAT the Settlement Agreement is accepted, as a consequence of which:

1. the Respondent shall pay a fine in the amount of \$6,500 pursuant to section 24.1.1(b) of By-law No. 1;
2. the Respondent shall pay costs in the amount of \$2,500 pursuant to section 24.2 of By-law No. 1 upon acceptance of this Settlement Agreement;
3. the fine and costs shall be paid in 9 installments of \$1,000, with the first installment to be paid on the date of the settlement hearing, and the remaining 8 installments payable on the last business days of the 8 months following the date of acceptance of the Settlement Agreement by the Hearing Panel;
4. if the Respondent fails to make any of the installment payments described above in subparagraph (iii) when the installments become due, then without further notice to the Respondent, the Respondent shall summarily be suspended from conducting securities related business while in the employ of, or associated with, any MFDA Member until the full amount of the Fine has been paid;
5. the Respondent shall be prohibited from acting as a branch manager or in any supervisory capacity for a Member of the MFDA for a period of 1 month commencing upon the date the Settlement Agreement is accepted by the Hearing Panel, pursuant to s. 24.1.1 of By-law No.1;

³ Prior to September 2013, the Respondent's conduct was contrary to MFDA Rule 2.5.5(d).

6. the Respondent shall successfully complete the Branch Manager’s Course within 6 months of the date the Settlement Agreement is accepted by the Hearing Panel, pursuant to section 24.1.1(f) of By-law No. 1;

7. the Respondent shall pay costs in the amount of \$2,500 pursuant to section 24.2 of By-law No. 1 upon acceptance of this Settlement Agreement;

8. the Respondent shall in the future comply with MFDA Rule 2.1.1; and

9. if at any time a non-party to this proceeding, with the exception of the bodies set out in section 23 of MFDA By-law No. 1, requests production of or access to exhibits in this proceeding that contain personal information as defined by the MFDA Privacy Policy, then the MFDA Corporate Secretary shall not provide copies of or access to the requested exhibits to the non-party without first redacting from them any and all personal information, pursuant to Rules 1.8(2) and (5) of the MFDA Rules of Procedure.

DATED this [day] day of [month], 20[].

Per: _____
[Name of Public Representative], Chair

Per: _____
[Name of Industry Representative]

Per: _____
[Name of Industry Representative]